

VZCZCXRO1481
RR RUEHCN RUEHGH
DE RUEHBJ #1498/01 1582253
ZNR UUUUU ZZH
R 072253Z JUN 06
FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC 7973
RUCPDOG/USDOC WASHDC
INFO RUEHCN/AMCONSUL CHENGDU 6467
RUEHGX/AMCONSUL GUANGZHOU 0721
RUEHHK/AMCONSUL HONG KONG 7576
RUEHGH/AMCONSUL SHANGHAI 4861
RUEHSH/AMCONSUL SHENYANG 6288
RUEHIN/AIT TAIPEI 5680

UNCLAS SECTION 01 OF 02 BEIJING 011498

SIPDIS

STATE FOR EAP/CM - KLEE, EB/IPE - EFELSING
USTR FOR CHINA OFFICE - AWINTER, ACELICO; IPR OFFICE
VESPINEL; AND OCG - SMCCOY, TPOSNER, SKHO
COMMERCE FOR NATIONAL COORDINATOR FOR IPR ENFORCEMENT -
CISRAEL
COMMERCE FOR MAC 3204/ LRIGOLI, ESZYMANSKI
COMMERCE FOR MAC 3043/KSCHLEGELMILCH
LOC/ COPYRIGHT OFFICE - STEPP
USPTO FOR INT'L AFFAIRS -- LBOLAND
DOJ FOR CCIPS -- ASHARRIN
FBI FOR LBRYANT
DHS/ ICE FOR IPR CENTER - DFAULCONER
DHS/CBP FOR IPR RIGHTS BRANCH - PPIZZECK

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [ETRD](#) [ECON](#) [KIPR](#) [WTRO](#) [PREL](#) [OREP](#) [CH](#)

SUBJECT: STAFFDEL BEUTEL TALKS PATENTS, TRADEMARKS AND IPR

¶1. (SBU) Summary: House Small Business Committee Special Counsel, Rich Beutel, held meetings with Madame Zhu Lilan, Chief Commissioner of the National People's Congress' Commission for Education, Science, Culture and Health, and Mr. An Qinghu, Director-General of China Trademark Office (CTMO). The meetings covered Intellectual Property Rights (IPR) and patents law in China and discussions for an IPR breakout session to be held as part of the November Beijing meeting of the U.S.-China Interparliamentary Exchange. End Summary.

Talking Trademarks and IPR Enforcement

¶2. (SBU) Mr. An Qinghu, Director-General of China Trademark Office (CTMO), opened the discussion by saying that his office was in the process of revising China's Trademark Law to shorten the pending period for a trademark application and to set up a self-funding system for CTMO. He also highlighted the dramatic increase in the amounts of trademark applications in China during the past 4 years, adding that among all foreign applications and registrations, the United States leads all comers with 91,000 trademarks registered in China. Mr. Beutel welcomed the revisions and outlined the advantages of the self-funded U.S. Patent and Trademark Office (USPTO) whom Congress has given approval to scale its operations and prepare associated fees. In reply to a question concerning judicial recourse for IPR related offenses, Mr. Beutel suggested that China adopt a centralized IP court system as exemplified by the U.S. Federal Circuit Court which harmonizes and unifies IP law. Mr. An said that China had already set up provincial level IPR courts. Mr. Beutel warned against the idea of multiple local courts by saying that the United States had had a similar system but that

problems arose from multiple legislative interpretations by different courts in different states. On IPR enforcement in markets Mr. An disagreed with Mr. Beutel's assessment that increased deterrent penalties against retail markets would stop infringing activity as the incentives and profits are too great. Mr. An then said that he had instructed increased supervision of markets in response to a request from the United States Embassy concerning specific markets and also noted that senior Chinese leaders had issued instructions to improve the basic level enforcement of IPR. Mr. An informed Mr. Beutel that he plans to visit Washington D.C. in June and showed great interest in meeting Members of Congress and to learn more about the USPTO's self-funding system.

13. (SBU) After explaining the background of the U.S.-China Interparliamentary Exchange to NPC Standing Committee Member and President of the China Inventors Society Zhu Lilan, Mr. Beutel provided details about plans to convene breakout sessions to discuss issues of mutual interest. These sessions would increase understanding on specific issues, such as IPR and environmental issues. Beutel noted that they had reached out to NPC Standing Committee Member Gu Jianfen to lead a copyright session, but protocol snafus have prevented any firm commitment from her end. Madame Zhu said that these exchanges would help increase understanding, and from her perspective, an IPR session would be of great interest to the NPC. She added these sessions would allow members of the United States Congress to understand China's situation and progress on the IPR issue, and that both sides could share best practices on how to strengthen China's IPR regime. Zhu also said that she would personally reach out to NPC Delegate Gu and the NPC Foreign Affairs Committee Vice-Chairman, Lu Congming,

BEIJING 00011498 002 OF 002

with her support. Zhu emphasized that the meetings should be focused on specific topics (Note: the NPC is currently engaged in a nationwide effort to supervise patent enforcement efforts throughout China in conjunction with State Intellectual Property Office. End Note).

14. (SBU) Zhu also discussed her views on China's homegrown innovation. She said that "homegrown innovation" is not a program to shut China off from outside technology and start from scratch, but rather a series of policy developments that are conducive for Chinese scientific development. Proper protection of intellectual property (IP), she declared, is an important part of developing technology, as are policies to promote small and medium enterprises and worker creativity and risk taking.

15. (U) Mr. Beutel did not have the opportunity to clear on this report.

Randt